

Assembly
California Legislature

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To: Assemblymember Valerie Brown
From: Roger B. King, Assembly Office of Research
Subject: "How We Got Where We Are"

At your request, we have prepared this paper which attempts to summarize the more significant events of the past fifteen years which have led to the state's current state-local government relationship. When considering the state-local relationship we are primarily concerned with state-county, so there is an acknowledged bias in the events we have chosen to include. To place these events in context, we discuss them in chronological order beginning with that watershed year - 1978.

We hope that the paper will provide a common base of knowledge and understanding of how we got where we are, so that you and your colleagues may better address the issue of what the state-local relationship should be in the future.

Finally, this paper does not pretend to be exhaustive. Deciding what was significant enough to be included was admittedly arbitrary. Perhaps when you circulate this paper and begin to hear from the almost certain critics, we will be able to develop an even more comprehensive document.

1978

The passage of Proposition 13, on June 8, 1978, reduced local property tax revenues by nearly \$7 billion. At the same time, the state had accumulated a General Fund surplus of nearly \$3.7 billion. As a result, the state responded with the passage of SB 154 (Chapter 292, Statutes of 1978), which provided \$4.3 billion in financial assistance to the schools and local governments.

Specifically, SB 154/78 relieved the counties of over \$1 billion in health and welfare costs; and provided block grants of \$436 million to counties, \$250 million to cities, and \$125 million to special districts.

SB 154/78 also required cities and counties to allocate the funds received "first for police and fire programs in order

not to jeopardize the health and safety of the community"; and to "ensure that the level of police and fire protection programs actually provided in 1977-78 fiscal year shall be continued in 1978-79".

To balance this protection for police and fire programs, SB 154/78 also expressed legislative intent "to maintain essential county health services and to ensure that reductions in county health services are not disproportionate to reductions in county property tax revenues as offset by allocations of funds from this act". As a means of enforcing this intent, counties were required, for the first time, to report their "net county costs for health services" (defined as county expenditures either directly or by contract for public health services, outpatient health services, and inpatient health services, less any revenues received) to the Department of Health Services.

SB 154/78 was chaptered on June 24, 1978, and the counties were required to report their actual "net county costs for health services" for fiscal year 1977-78 by September 15, 1978. Because of the relatively vague definition of "net county costs for health services" and the short period of time in which to provide the required information, there were considerable differences amongst the counties in what was reported to the department. Nevertheless, the reported information became the "base" for all future allowable expenditures.

1979

Long-Term Solution to Proposition 13

The Legislature adopted and the Governor approved AB 8 (Chapter 282, Statutes of 1979) on July 24, 1979. At the time, this legislation was generally referred to as the "long term solution" to the passage of Proposition 13.

Property Tax Allocation

AB 8/79 transferred property tax revenues from the schools to cities, counties, and special districts by an amount equal to the fiscal relief provided by SB 154/78, with certain adjustments.

For counties, the amount transferred was increased for certain AFDC costs which the counties would incur under AB 8/79; and decreased by an amount the bill would provide directly to counties for health services.

AB 8/79 also provided that the growth in property tax revenues would be allocated to the entities of local government and the schools in proportion to the amount of property tax revenue base allocated to each jurisdiction. Because AB 8/79 transferred property tax base from schools to local governments, those jurisdictions also received the growth associated with that base. For 1979-80 county revenues were increased by \$330 million, city revenues by \$228 million, and special districts by about \$201 million.

Health and Welfare

AFDC

SB 154/78 relieved the counties from any share of cost for the AFDC Family Group (FG), Unemployed (U) and Boarding Homes and Institutions (BHI) programs. (AFDC-BHI is now known as AFDC Foster Care-FC.)

AB 8/79 required the counties to pay 10.8 percent of the non-federal costs of the AFDC (FG) and AFDC (U) programs.

Prior to the passage of Proposition 13, the state shared in the non-federal costs of AFDC-FC on the basis of 67.5 percent of the cost of care up to \$120 per month, plus \$12.50 per month for children placed in a foster family home. AB 8/79 required the state to pay 95 percent of the non-federal costs from July 1, 1979 to December 31, 1983. (This expiration date was extended several times and finally repealed. For the current cost sharing relationship for foster care see 1991.)

Prior to the passage of Proposition 13, the counties' share of cost for AFDC administration was 50 percent of the non-federal costs. AB 8/79 restored that requirement.

Food Stamps

Prior to the passage of Proposition 13, the counties' share of cost for administering the Food Stamp program was limited to their expenditures in 1973. AB 8/79 repealed this limitation, and required the counties to pay 50 percent of the non-federal costs for Food Stamp administration.

Mental Health, Alcohol, and Drug Programs

Prior to the passage of Proposition 13, the state-county cost sharing relationship for mental health, alcohol and drug abuse programs was 90 percent state, 10 percent county.

AB 8/79 waived the 10 percent match requirement for state hospital services until December 31, 1979. The match requirement for community mental health programs, alcohol and drug abuse programs was waived until June 30, 1982.

County Health Services

Based upon the "net county costs for health services" reported to the Department of Health Services as required by SB 154/78, AB 8/79 established the County Health Services Fund and appropriated \$267 million to that fund.

Briefly, the Legislature took the reported amount, deducted an amount equal to \$3 per capita (this was done to insure that even the smallest counties would receive some funds to maintain basic public health services), divided the remainder in half, transferred this amount of property tax revenues from the counties back to the schools which reduced the state's General Fund obligation, and then appropriated these "saved" General Fund dollars to the newly established County Health Services Fund.

AB 8/79 also allocated the County Health Services Fund as follows:

- A \$3 per capita amount, adjusted by an annual statutory cost-of-living adjustment (COLA), was allocated to each county which submitted a specified plan and budget to the Department of Health Services.

- Up to 50 percent of the "net county costs for health services" above the \$3 per capita amount, as reported by each county for fiscal year 1977-78, adjusted by an annual statutory COLA, was allocated to that county if the county signed an agreement with the Department to (a) match the state funds on a dollar-for-dollar basis, and (b) spend the funds in accordance with the county's submitted plan and budget.

The state funds were limited to the amount appropriated, but there was no limit on the amount counties could expend for county health services from other sources.

- Any unexpended state funds could be reallocated to counties with "special needs".

The "Deflator"

AB 8/79 provided a mechanism for reducing the amount of state assistance provided to local agencies in fiscal year 1980-81, and subsequent fiscal years, in the event state revenues fell below specified amounts. This mechanism was generally referred to as the "deflator".

The "deflator" provisions required the State Controller to reduce motor vehicle in-lieu (VLF), cigarette tax, business inventory exemption and trailer coach subventions by an amount sufficient to obtain one-half of the difference between estimated expenditures and state General Fund revenues. The remaining one-half would be deducted from apportionments to the schools.

These reductions would become effective unless suspended by the Legislature and the Governor.

State and Local Taxation

AB 66 (Chapter 1150, Statutes of 1979) exempted 100 percent of the assessed value of business inventories (previous law had exempted 50 percent) from property taxation for the 1980-81 and subsequent fiscal years. Under previous law the state reimbursed local governments in full for the amount of property tax losses due to the 50 percent exemption through a continuous appropriation. Consequently, AB 66/79 resulted in an increase in this subvention to local governments.

AB 66/79 also increased the bank and corporation tax, established the Financial Aid to Local Agencies Fund, and required that the revenues attributable to the excess between the bank tax rate and the general tax rate be transferred from the General Fund and deposited in the Financial Aid to Local Agencies Fund. The state Controller was required, in a specified manner, to allocate the amount in the fund to cities and counties.

Initiative

In November 1979, the voters approved Proposition 4 which added Article XIII B to the state Constitution. Article XIII B limits the level of most appropriations from tax sources that the state and local governments are allowed to make in any given year. The limit for each year is equal to the limit for the prior year, adjusted for changes in the cost-of-living and population. Various other adjustments are also required. The first year in which appropriation limits were applied to state and local governments was 1980-81.

1981

Federal

Former President Reagan introduced the concept of "New Federalism" which was enacted in the Omnibus Budget Reconciliation Bill (OBRA) of 1981. Essentially, the concept was to consolidate numerous categorical federal programs into "block grants", and provide the states with greater discretion in how these funds could be used.

Frequently, the dollar amount of the "block grant" was less than the total of the former categorical programs. This reduction was usually justified by the elimination of certain federal requirements; and the assumption that with greater flexibility, the states could accomplish more with less.

The following eight new "block grant" programs were established by OBRA of 1981:

- Low-Income Energy Assistance Block Grant
- Social Services Block Grant
- Preventive Health and Health Services Block Grant
- Maternal and Child Health Block Grant
- Primary Care Block Grant
- Alcohol, Drug Abuse, and Mental Health Block Grant
- Community Services Block Grant
- Community Development Block Grant

This "New Federalism" resulted in a number of similar proposals being made in the administration of state-county programs. (See below.)

State

Local Government Finance

In the three fiscal years subsequent to 1977-78, state expenditures had exceeded revenues by a cumulative \$3.6 billion. The state's surplus was gone. When the 1981-82 budget was introduced, it was projected that the "deflator" would go into effect resulting in an estimated \$2.8 billion in reductions in state funding for local governments and the schools.

SB 102 (Chapter 101, Statutes of 1981) suspended the "deflator", and instead did the following:

- Repealed three small subventions to local governments. (Liquor License Fees, Highway Carrier's Uniform Business Tax, and Financial Aid to Local Agencies Fund.)

- Made a one-time reduction in the VLF subvention to local governments.

- Provided an in-lieu (lower) cost-of-living adjustment on the business inventory exemption subvention.

These actions resulted in a total reduction to cities and counties of \$270 million, divided approximately one-third counties, two-thirds cities.

Health and Welfare

In 1981, existing law required that AFDC grants be increased each fiscal year by the increase in the Consumer Necessities Index during the prior December to December twelve month period. For fiscal year 1981-82 this would have resulted in an AFDC grant increase of 11.1 percent.

In lieu of the statutory 11.1 percent COLA, the Legislature and the Brown administration negotiated a 9.2 percent COLA with the stipulation that funds necessary to fund the in-lieu COLA had to come from "health and welfare" related savings. This negotiated agreement was contained in SB 633 (Chapter 69, Statutes of 1981).

Among the numerous provisions of SB 633/81 were the following:

- Required counties, beginning with the 1981-82 fiscal year, to pay 10 percent of the costs of the IHSS program in excess of the costs for the 1980-81 fiscal year. (Prior to SB 633/81, the IHSS program had been totally supported by state and federal funds.)

- Required counties (except those with populations under 100,000), beginning with the 1981-82 fiscal year, to pay 10 percent of the costs for community mental health, alcohol, and drug programs. Also required counties to pay 15 percent of the cost of inpatient mental health services, whether provided in a community or state hospital. (This resulted in a "cost-shift" to the counties one year earlier than provided by AB 8/79, and increased the counties' share of cost of all inpatient services to 15 percent.)

1982

Local Government Finance

Once again the "deflator" was estimated to become effective, resulting in reductions of \$2.4 billion to local governments and the schools.

Also once again, the Legislature adopted AB 21 (Chapter 326, Statutes of 1982), and SB 1326 (Chapter 327, Statutes of 1982) which suspended the "deflator" for 1982-83, and reduced a total of about \$260 million in state subventions to local governments. Specifically, this legislation:

- Reduced VLF subventions to cities (\$222.5 million) and counties (\$40.2 million).

- Allocated, on a one-time basis, \$10 million from a newly created Local Agency Reimbursement Fund to cities (\$7 million) and counties (\$3 million).

- Eliminated the business inventory subvention for enterprise special districts (except transit and airport districts) for a state savings of \$11 million.

SB 1326/82 also (a) eliminated the cost-of-living adjustment on the business inventory exemption subvention to cities and counties for a state savings of \$28 million, and (b) authorized any general law city to levy any tax which may be levied by a charter city, subject to voter approval.

Health and Welfare

In addition to the reductions in state subventions to local governments the Legislature needed to further reduce General Fund expenditures. One of the early options to be considered was the Medically Indigent Adult category of eligibility under the Medi-Cal program.

As a part of the Medi-Cal Reform Act of 1971, the state proposed the elimination of what was known as the "county option" program, and the establishment of the Medically Indigent Adult (MIA) category of eligibility within the Medi-Cal program. (MIA was defined as a person between 18 and 64 years of age who was not otherwise "linked" to AFDC or the SSI/SSP programs.)

Specifically, in return for eliminating the "county option" and increasing the counties' share of cost for the rest of the Medi-Cal program (subsequently repealed by SB 154/78), the state agreed to establish this one-hundred percent state funded category of eligibility.

In 1982, the state determined that it could no longer afford the MIA category. AB 799 (Chapter 328, Statutes of 1982) repealed the MIA category effective January 1, 1983. Given the previously existing requirements of Section 17000 of the Welfare and Institutions Code (which makes counties the providers of last resort for both health care services and cash assistance), this action effectively transferred responsibility for the health care needs of this population back to the counties.

To assist the counties with this added responsibility, SB 2012 (Chapter 1594, Statutes of 1982) appropriated \$261.5 million to the County Health Services Fund for the period January 1, 1983 to June 30, 1983, to be allocated to the counties based upon each county's relative proportion of the past three fiscal years of expenditures on the former MIA category of eligibility. This amount was intended to represent 70 percent of what the state estimated it would have expended on this population had they remained under the Medi-Cal program.

This \$261.5 million appropriation was divided between counties with populations under 300,000 which AB 799/82, and SB 2012/82 allowed to contract with the Department of Health Services to administer a health care program for the indigent in those counties (County Medical Services Program-CMSP); and the larger counties which were required to administer their own health care programs (Medically Indigent Services Program-MISP.)

Mello-Roos Community Facilities Act

SB 2001 (Chapter 1439, Statutes of 1982) and AB 3564 (Chapter 1451, Statutes of 1982) established the Mello-Roos Community Facilities Act of 1982.

The act authorized local agencies to create "community facilities districts" in order to finance park, library, school, police, fire, and other capital facilities. Upon two-thirds voter approval, these districts would be allowed to impose a special tax within the district and issue bonds secured by the tax.

Counties

In response to the "New Federalism" and the counties new-found financial dependence upon the state, the California State Association of Counties (CSAC) formed a "Program and Service Realignment Task Force", to "analyze and make policy recommendations concerning realignment of programs and services between state government and the counties in the fields of health, welfare, and criminal justice". This task force issued a report in 1982, which made several recommendations, including the following:

- Procedures for transferring AFDC-FG, AFDC-U, Food Stamps and Refugee Cash Assistance (RCA) to the state should be developed and implemented immediately.

- Planning should begin immediately for the transfer of General Assistance (Relief) to the state with a planned completion date of July 1, 1985.

- AFDC-FC and Aid for Adoption of Children (AAC) should continue to be administered at the county level.

- Administration of social services programs should be transferred to the county level with shared financing from local and Federal funds.

- The Work Incentive (WIN) program should be transferred to the state or eliminated.

- In-Home Supportive Services (IHSS) should be folded into a long term care system.

- Counties should be allowed maximum flexibility in the administration and design of mental health, alcohol, and drug abuse programs.

- Immediate legislative action should be taken which would allow the combining of drug abuse and alcohol administration at the local level.

- Financing for local mental health programs and utilization of state hospitals should be combined.

Since it was known at the time the CSAC report was issued that the Assembly Office of Research was conducting its own study of these issues, no significant action was taken in response to these recommendations.

Initiatives

On June 8, 1982, the voters approved, by substantial margins, Proposition 6 and Proposition 7.

Proposition 6 repealed the state's Inheritance and Gift Tax laws (except for the amount by which a taxpayer can reduce his or her federal tax liability under the Federal Estate Tax Law, the so-called "pickup tax"); and prohibited the state from imposing any tax on gifts made, or property transferred by reason of deaths occurring after its effective date.

At the time, the Legislative Analyst estimated that adoption of Proposition 6 would reduce state revenues by \$130 million in 1982-83, and by about \$365 million in 1983-84, and by higher amounts thereafter. A recent estimate by the Senate Revenue and Taxation Committee places the revenue loss to the state during 1992-93 due to Proposition 6 at \$1.8 billion.

Proposition 7 amended the state's income tax law to require "permanent full indexing" of the income tax brackets starting with the 1982 income year. (Prior to Proposition 7, the state's income tax brackets were "partially indexed" by adjusting the brackets by the percentage increase in the California Consumer Price Index which exceeded 3 percent per year.)

At the time, the Legislative Analyst estimated that adoption of Proposition 7 would reduce state revenues by about \$230 million in 1982-83, by about \$445 million in 1983-84, and by increasing amounts thereafter. The Senate Revenue and Taxation Committee recently estimated the revenue loss to the state attributable to Proposition 7 during 1992-93 to be \$12.3 billion.

1983

Local Government Finance

In response to the state's continuing fiscal problems, the Legislature adopted AB 28X (Chapter 10, Statutes of 1983, First Extraordinary Session) which made further reductions in state subventions to local governments during 1982-83.

AB 28X/83 established a formula which was applied to reduce remaining local assistance funds (business inventory subvention, open space subvention, cigarette tax revenues, and Local Agency Reimbursement Fund) for cities and counties. This resulted in a further reduction to cities and counties of \$28.6 million.

Assembly Office of Research Report

In 1983, the Assembly Office of Research (AOR) issued a report titled "Realigning State and County Responsibilities: Human Services and the Courts". This report relied heavily upon the earlier CSAC report, but went even further by recommending that the state relieve the counties of their trial court costs. In part, the AOR report made the following recommendations:

- We recommend that the state, beginning in 1984-85, assume the county share of costs of the welfare and Food Stamp programs.

As a long-term recommendation, it is recommended that the state assume direct supervision of the welfare and Food Stamp programs after a two and one-half year planning period. By July 1, 1987, eligibility and benefit determinations would be performed under the management of a single state agency that supervises employment and welfare operations.

(Note: The Legislative Analyst made a very similar recommendation in the 1967-68 Analysis of the Budget Bill, and continued to recommend state administration of AFDC in 1968-69 and 1969-70. In 1969-70 the Analyst added state administration of General Assistance. In 1970-71 the Analyst went even further and also recommended state administration of Food Stamp and Medi-Cal eligibility determination.)

- We recommend that the General Assistance program be revised:

Assign to the counties the responsibility to provide short-term, emergency relief, or in-kind services where appropriate, utilizing community resources, for periods not to exceed 90 days.

Assign to the state the responsibility to provide long-term assistance to the general assistance population under statewide criteria for eligibility and participation.

- We recommend that the Governor include in the 1984-85 budget and in the plan to be submitted to the Legislature, the necessary provisions for implementing AB 2860.

(Note: AB 2860, (Chapter 1453, Statutes of 1982) established the Torres-Felando Long-Term Care Reform Act. Implementation of the act was conditioned upon the Governor submitting an action plan and fiscal proposal to the Legislature,

the Legislature approving these, obtaining the necessary federal waivers, and funds being appropriated in the 1984-85 Budget Act. These events did not occur, and the act was never implemented.)

- We recommend that the state relieve the counties of their costs of the trial courts, less the county share of court revenues.

Legislation to implement some of these recommendations was introduced, but none were adopted.

1983-84 Budget

Local Government Finance

Yet again, the "deflator" was projected to become effective resulting in a reduction of \$1.9 billion in state assistance to local governments and the schools.

As a part of adopting the 1983-84 budget, the Legislature passed and the Governor signed AB 223 (Chapter 323, Statutes of 1983) on July 21, 1983. Among numerous other provisions, this legislation:

- Suspended the "deflator" for schools for the 1983-84 fiscal year.

- Suspended the "deflator" for local governments for the period July 1, 1983 to September 30, 1983. Effective October 1, 1983, the "deflator" was to become effective, resulting in approximately \$875 million in subvention reductions to local governments.

On September 21, 1983, the state enacted AB 895 (Chapter 983, Statutes of 1983) which suspended the "deflator" for local governments for the entire 1983-84 fiscal year, and provided for a more modest \$348 million in subvention reductions. AB 895/83 adopted a formula similar to one used in the prior two fiscal years to be applied to the business inventory exemption subvention, and the vehicle license fee (VLF) subvention. Specifically, cities were reduced \$278 million, and counties \$70 million.

AB 223/83 also suspended the cost-of-living adjustment (4.4 percent) on the business inventory exemption subvention for the 1983-84 fiscal year, and made enterprise special districts

(except transit or airport) ineligible to receive any business inventory exemption subvention for property taxes attributable to enterprise-related activities.

Health and Welfare

Based upon the \$261.5 million appropriation for the last six months of 1982-83 for the former MIA population, most observers expected the full year amount in the 1983-84 budget to be twice that amount, or \$523 million, plus some adjustment for a cost-of-living increase.

The actual appropriation was \$477.4 million. The Deukmejian administration maintained that it had re-calculated the "base" against which the 70 percent was applied, resulting in a lower amount. (There was no statutory protection for this first annual appropriation amount, or any requirement to adjust the appropriation for cost-of-living increases. As a result, by 1991 the state appropriation for the former MIA population had shrunk to \$232 million.)

Governor Deukmejian also proposed in his 1983-84 budget, a combined Alcohol and Drug Abuse Block Grant, and the consolidation of nine categorical public health programs into a Public Health Block Grant. These proposals were rejected by the Legislature.

Supplemental Property Tax Roll

SB 813 (Chapter 498, Statutes of 1983) enacted various K-12 education reform programs, and funded those reforms through the establishment of a supplemental property tax roll administered by county governments.

Prior to SB 813/83, the county assessor did not conduct a property tax reassessment until the first lien date (March 1) following a transfer of property or completion of construction. The new assessed value became effective on the first day of the fiscal year following the lien date (July 1). Consequently, under previous law, properties were subject to higher assessments no sooner than 4 months and as long as 16 months after the event which resulted in the reassessment.

SB 813/83 established a "floating lien date", or supplemental roll, for reassessing property. Property would now be reassessed on the first day of the month following the date on which a transfer occurs or new construction is completed. At the time SB 813/83 was enacted it was estimated that the supplemental

roll would yield additional property tax revenues of \$272 million in 1983-84 and \$444 million in 1984-85, with all of these revenues allocated to K-12 school districts. Beginning in 1985-86, the act provided that the revenues attributable to the supplemental roll would be allocated to all local governments through the regular property tax allocation process.

Task Force

The Deukmejian administration established a "New Partnership Task Force on State and Local Government", consisting of representatives of state, county, and city government. One of the charges made to the task force was to "Review current basic program responsibilities and make detailed recommendations with a view towards elimination, curtailment, and/or realignment of such responsibilities".

1984

Task Force

In January, the "New Partnership Task Force on State and Local Government" issued its final report containing, in part, the following recommendations. (Several of these were also included in the Governor's proposed budget for 1984-85.)

- We recommend that the state permanently repeal the so-called "AB 8 deflator". (Implemented, AB 1849, Chapter 448, Statutes of 1984.)

- We recommend that a revenue source to local governments be guaranteed by a constitutional amendment. (Implemented, SCA 23, Chapter 162 of 1984.)

(Note: SCA 23 dedicated Motor Vehicle License Fee (VLF) revenues in excess of the state's administrative costs for cities and counties, and authorized the Legislature to allocate these revenues between the two.)

- We recommend that counties take over full funding and operation of capitated programs. (Partially implemented with "realignment". See 1991.)

(Note: Capitated programs were defined to include alcohol, and drug programs, local mental health programs, the County Health Services Fund, the Medically Indigent Services Program, and several categorical public health programs.)

- We recommend that counties be granted charter authority over county affairs. (Implemented, SB 2557, Chapter 466 of 1990. See 1990)

(Note: Charter authority was generally defined as the authority to impose a utility user's tax, and business license tax in the unincorporated area of the county.)

- We recommend that counties be given the authority to impose a "tipplers' tax". (Not implemented.)

- We recommend that a constitutional amendment be placed on the ballot allowing counties to issue general obligation bonds with approval by two-thirds of the voters. (Implemented. ACA 55, Chapter 142 of 1984.)

- We recommend that the state reimburse local governments for the costs of new mandates, and mandates which are not funded would become permissive. (Partially implemented. SB 1333, Chapter 459, Statutes of 1990.)

1984-85 Budget

Governor Deukmejian proposed in his 1984-85 budget the elimination of the personal property tax relief (business inventory exemption) subvention for local governments other than school districts, for an estimated state General Fund savings of \$328 million. To offset the loss local governments would experience as a result of eliminating this subvention, the Governor also proposed to advance by one year, from 1985-86 to 1984-85, the date on which these governments would begin to share in the proceeds of the supplemental roll as enacted by SB 813/83.

SB 794 (Chapter 447, Statutes of 1984), the Long-Term Local Financing Act of 1984, and AB 1849 (Chapter 448, Statutes of 1984) accomplished the following:

- Repealed the AB 8 "deflator".

- Repealed the personal property tax relief subvention effective July 1, 1984; and required county auditors to allocate the revenue attributable to the supplemental roll to the schools and local governments under the regular property tax allocation process.

- Allocated the state's share of VLF revenues (estimated at \$210 million) to counties (\$208 million) and to the so-called "no property tax" cities (\$2.1 million). The portion allocated

to counties would be allocated (a) as needed to replace in full any revenue loss resulting from the repeal of the personal property tax subvention, and then (b) in proportion to county population.

- Required the state Controller to establish a program to provide annual special supplemental subventions from the General Fund to specified cities, multi-county districts, nonenterprise special districts, and redevelopment agencies. These subventions would be provided to those local agencies where the loss resulting from the repeal of the personal property tax subvention (based upon what the agency received in 1983-84) exceeds the increased revenue received from the proceeds of the supplemental roll. Cities would receive the subvention for a five year period beginning in 1984-85.

Governor Deukmejian also proposed in his 1984-85 budget, the following changes in the state-county relationship:

- A "Mental Health Initiative" to transfer responsibility for mental health services to the counties.

- A "Public Health Enhancement Program" to transfer responsibility for five categorical public health programs to the counties.

- The transfer of the Family Planning program to the counties.

- The transfer of alcohol and drug abuse programs to the counties.

All of these proposals were rejected by the Legislature.

Santa Clara Traffic Authority

SB 2117 (Chapter 446, Statutes of 1984 established the Santa Clara County Traffic Authority and upon a majority vote of the citizens of Santa Clara County, authorized the Authority to impose a one-half percent transactions and use tax for up to ten years to finance highway improvements in Santa Clara County.

Initiative

In November 1984, the voters approved Proposition 37, which amended the state Constitution to authorize the

establishment of a statewide lottery; and enacted an initiative statute (The California State Lottery Act of 1984) which provided for the establishment of a state-operated lottery.

The initiative provided for the following allocation of lottery revenues:

- 50 percent returned to the public in the form of prizes.
- Not less than 34 percent allocated to the benefit of public education.
- No more than 16 percent allocated for payment of lottery expenses, with any "excess" revenues also allocated to public education.

The initiative provided that payments of revenues from the lottery were to be made to each segment of education on a per capita basis. As a result, approximately 80 percent of the payments made to public education would be allocated to K-12 school districts.

According to the 1993-94 Governor's Budget, the lottery "has provided over \$4.3 billion to K-12 education since 1985, and is expected to generate \$557 million in 1993-94." While these amounts appear impressive, the lottery only provides about three percent of the total K-12 budget.

1985

1985-86 Budget

In his 1985-86 budget, Governor Deukmejian proposed to consolidate seven categorical public health programs into a "Family Health Initiative", and provide the counties with a "block grant" to support the consolidated program. He also proposed the consolidation of the County Health Services Fund, the Medically Indigent Services Program, and the basic public health subvention into a "block grant" labeled the "County Health Services Transfer".

Both of these proposals were rejected by the Legislature.

Trial Court Funding

The Legislature adopted and the Governor approved AB 19 (Chapter 1607, Statutes of 1985), The Trial Court Funding Act of 1985), which among other provisions, accomplished the following:

- Authorized block grants to counties ranging from \$469,435 to \$495,895 annually per judicial position. These block grants were intended to reimburse counties for the costs they incur in operating the superior and municipal courts.

- Required a county wanting to receive these block grants to (a) waive all claims for reimbursement of costs attributable to state-mandated local programs involving the trial courts, (b) waive any claims for reimbursement of state-mandated local costs not approved by the State Board of Control, the Commission on State Mandates, or the courts prior to the decision of a county to participate in the new funding scheme, and (c) forego each \$60,000 block grant previously provided by the state.

- Required a county electing to receive these block grants to submit to the state specified fine, forfeiture, and penalty revenues collected by the county, and the cities and courts in the county.

- Required the state to reimburse cities for any revenue losses that resulted from a county's decision to receive block grants in lieu of the fine, forfeiture, and penalty revenues the cities and counties previously collected.

- Required a county receiving a block grant to spend at least as much as it received from the state on court operations.

- Required the state Controller to audit county expenditures and revenue reports, adopt appropriate regulations, and report specified information to the Legislature.

- Provided that these provisions would become operative on the effective date of a statute appropriating funds for their implementation.

At the time it was estimated that AB 19/85 would result in a net gain to the counties of nearly \$400 million.

San Diego County Regional Transportation Commission

SB 361 (Chapter 1576, Statutes of 1985) established the San Diego County Regional Transportation Commission and

authorized the Commission, with a majority vote of the citizens of San Diego County, to impose a transactions and use tax not to exceed one percent to fund public transportation improvements.

1986

SB 878 (Chapter 301, Statutes of 1986) enacted the Bay Area County Traffic and Transportation Funding Act which authorized the boards of supervisors of the nine bay area counties (Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Solano, and Sonoma) to develop and adopt a transportation expenditure plan; and to impose a one-half percent or one percent transactions and use tax, with a majority vote of the people, to fund the plan.

SB 878/86 also created the Fresno County Transportation Authority and authorized it to impose a one-half percent transactions and use tax, with a majority vote of the people, for up to 20 years to finance highway improvements and for local transportation purposes in Fresno County.

1987

1987-88 Budget

Once again, Governor Deukmejian proposed as a part of his 1987-88 budget, the repeal of the County Health Services Fund, and the transfer of six categorical public health programs to the counties. Instead of a block grant, however, the Governor proposed transferring one-half cent of the state's sales tax to the counties to offset the loss of the state revenue.

The proposal was rejected by the Legislature.

In-Home Supportive Services (IHSS)

SB 412 (Chapter 1438, Statutes of 1987) repealed the requirement that counties pay ten percent of the cost of the IHSS program over the 1980-81 base year, effective July 1, 1988; and instead required counties to continue to pay the amount paid during fiscal year 1987-88.

Trial Court Funding

SB 709 (Chapter 1211, Statutes of 1987) made the Trial Court Funding Act of 1985, effective July 1, 1988. The bill also did the following:

- Deleted the requirement that the counties transmit certain fines, forfeitures, and fees to the state.

- Reduced the amount of the "block grant" per superior and municipal court judge, and commissioner or referee; and added "block grants" for justice court judgeships.

- Created the Trial Court Improvement Fund to be administered by the Judicial Council.

- Revised the definition of "court operations" for purposes of the act.

However, SB 709/87 did not appropriate any funds to implement AB 19/85.

General Purpose Sales Tax

AB 999 (Chapter 1257, Statutes of 1987) permitted counties with populations of 350,000 or less as of January 1, 1987, to increase their sales tax by one-half cent, if the ordinance proposing the tax is approved by a two-thirds vote of the board of supervisors and a majority of the county's electorate.

San Bernadino and Riverside County Transportation Sales Tax Acts

AB 1637 (Chapter 270, Statutes of 1987) enacted the San Bernadino County Transportation Sales Tax Act and the Riverside County Transportation Sales Tax Act which authorized the respective board of supervisors to impose a one-half percent transactions and use tax, with a majority vote of the people, to finance highway and local transportation improvements.

Local Transportation Authority and Improvement Act

SB 142 (Chapter 785, Statutes of 1987) enacted the Local Transportation Authority and Improvement Act to authorize any county board of supervisors to impose a transactions and use tax, with a majority vote of the people, of up to one percent for specified transportation purposes.

Justice Facilities Sales Tax

AB 2505 (Chapter 1258, Statutes of 1987) created the San Diego County Regional Justice Facility Financing Agency, to be governed by a specified seven member board of directors.

AB 2505/87 authorized the board to impose a one-half percent transactions and use tax, with the approval of a majority of the voters, to finance the construction, acquisition, and furnishing of adult and juvenile detention facilities, and courthouse facilities necessary or convenient to the detention facilities.

(Note: Similar legislation was adopted for San Joaquin County, SB 2745, Chapter 1634, Statutes of 1988; and Orange, Humboldt, Los Angeles, Riverside, San Bernadino, and Ventura Counties, AB 1067, Chapter 1335, Statutes of 1989. However, conflicting state Supreme and Appellate Court decisions regarding voter approval of a tax have left the legality of these agencies in doubt.)

Mendocino County Library Programs

SB 576 (Chapter 1323, Statutes of 1987) authorized the Mendocino County board of supervisors to impose a transactions and use tax at a rate of one-half percent or one percent, with two-thirds voter approval, for a period not more than five years for the purpose of funding county library programs and operations.

County Revenue Stabilization

AB 650 (Chapter 1286, Statutes of 1987) enacted the County Revenue Stabilization Act of 1987. This act provided counties with a one time block grant of \$113.7 million in 1987-88. In 1988-89 and subsequent years, the act provided funding to stabilize the percentage of a county's general purpose revenues which must be expended for the county's share of costs associated with four state mandated programs - mental health, AFDC, IHSS, and Food Stamps.

However, the potential impact of the legislation was never realized because the annual appropriation to implement its provisions was arbitrarily limited to \$15 million.

Article XIIIB

During 1986-87, Article XIIIB of the state Constitution required that revenues in excess of the appropriations limit be returned by means of a tax rate reduction or rebate. The method selected to deal with the \$1.1 billion in excess revenues was to send rebate checks to 11.1 million taxpayers. The checks were distributed between October 1987 and January 1988.

The rebate was 15 percent of a taxpayer's 1986 income tax liability, with a minimum and a maximum. The maximum rebate amounts were \$136 for single filers, and \$272 for married or head of household filers.

1988

Trial Court Funding

AB 1197 (Chapter 944, Statutes of 1988) and SB 612 (Chapter 945, Statutes of 1988), among other provisions, repealed the Trial Court Funding Act of 1985, and enacted the Brown-Presley Trial Court Funding Act which would provide for "net" block grant funding for trial courts, on a county option basis with no requirement for the the county to send fees, fines, or forfeitures to the state.

AB 1197/88 also appropriated \$206.5 million to implement the Brown-Presley Trial Court Funding Act during fiscal year 1988-89.

Initiatives

Proposition 98

On November 8, 1988, the voters approved Proposition 98, the Classroom Instructional Improvement and Accountability Act, which amended the state Constitution to guarantee a consistent minimum funding level for K-14 education.

As adopted, Proposition 98 established two methods, or tests, for determining the minimum funding level for K-14 education.

- Test One is a straightfoward allocation by the state of 40.3 percent of the General Fund.

- Test Two is a formula to determine the minimum funding level: The previous fiscal year's spending by both state and local sources for K-14 as a base, adjusted for both growth in Average Daily Attendance (ADA) and per capita personal income growth, less local property tax revenues.

Proposition 99

On November 8, 1988, the voters also approved Proposition 99 which established the Tobacco Tax and Health Protection Act of 1988. The Act imposed an additional tax equal to 25 cents per

package of cigarettes and an equivalent amount for all other tobacco products sold in California, and required that the revenues derived from these increased taxes be deposited in the Cigarette and Tobacco Products Surtax Fund established by the Act.

The Act further divided the Fund into six accounts, and required that percentages of the revenues in the Fund be deposited into these accounts.

Health Education Account - 20 percent
Hospital Services Account - 35 percent
Physician Services Account - 10 percent
Research Account - 5 percent
Public Resources Account - 5 percent
Unallocated Account - 25 percent

The Act also made these revenues exempt from the provisions of Article XIII B of the state Constitution, for both the state and local governments.

1989

Implementation of Proposition 98

The Legislature adopted and the Governor approved SB 98 (Chapter 82, Statutes of 1989), AB 198 (Chapter 83, Statutes of 1989) and AB 1097 (Chapter 92, Statutes of 1989) to implement the provisions of Proposition 98.

These three measures appropriated \$431 million from the General Fund in 1988-89 and \$483 million in 1989-90. All of these appropriations counted towards meeting the Proposition 98 minimum funding guarantee.

These bills also contained provisions which allowed more state aid for education to count against the local "appropriations limit" rather than the state's. As a result, these bills had the effect of increasing the amount of available spending authority under the state's "appropriations limit".

Implementation of Proposition 99

The Legislature adopted and the Governor approved AB 75 (Chapter 1331, Statutes of 1989) to implement the provisions of Proposition 99.

The increased taxes imposed on tobacco products imposed by Proposition 99 were estimated to raise \$1.47 billion over the 30-month period January 1, 1989, to June 30, 1991. AB 75/89 appropriated \$1.21 billion of these revenues over this same period of time from four of the six accounts.

AB 75/89 allocated \$948.8 million for indigent health programs (hospitals, physicians, clinics, and counties), and \$264.1 million for anti-tobacco use health education programs. The bill also set aside \$66.1 million in a reserve to protect these programs from any reductions in revenues over this same period.

As anticipated, revenues deposited in the Cigarette and Tobacco Products Surtax Fund and available for appropriation from the six accounts have declined each year since the adoption of AB 75/89.

1991-92	\$ 624.2 million
1992-93	616.5
1993-94	528.7

SCA 1/Proposition 111

In July 1989, the Legislature approved SCA 1 (Resolution Chapter 66, Statutes of 1989) which proposed several significant changes to Proposition 98/88 and Proposition 4/79 (appropriations limit).

Specifically, SCA 1/89 would:

- Modify the cost-of-living and population factors used to adjust the state and local appropriations limits.

- Modify the formulas used to determine the required minimum funding level for K-14 education. This was done by changing the cost-of-living factor used to determine the funding amount under one of the two minimum funding formulas for K-14 education.

- Change the allocation of revenues in excess of the state's appropriations limit by (1) allocating one-half of any revenues in excess of the state's appropriations limit to K-14 education, and the other half to the state's taxpayers, (2) removing the 4 percent limit on allocations of excess revenues to K-14 education, and (3) providing that allocations of excess revenues to K-14 education are no longer to be considered in determining the minimum funding guarantee.

- Provide a mechanism to reduce the minimum funding level required for K-14 education in "low-revenue growth" years, and "pay back" that reduction in years in which General Fund revenues grow more quickly than state personal income.

Specifically, SCA 1/89 would add a "Test Three" to the provisions of Proposition 98. Test Three is the same as Test Two except that the previous fiscal year's education spending is adjusted by ADA growth and per capita General Fund growth instead of per capita personal income growth.

The purpose of Test Three was to limit the growth in the minimum funding guarantee for K-14 education during "slow-growth" years, defined as years in which the General Fund growth is less than the growth in per capita income by 0.5 percent or more. However, in years following those in which Test Three is in effect, SCA 1/89 would require that the base on which Test Two calculations would be made be adjusted to reflect the amount that was not appropriated for K-14 education during the years when Test Three was in effect.

- Provide for a two year averaging of any revenues in excess of the state's appropriation limit.

- Provide that appropriations for the following purposes are not subject to the state's appropriations limit: (1) costs of natural disasters, (2) costs of conducting appropriations limit override elections, (3) new capital outlay expenditures, and (4) additional transportation revenues.

SCA 1/89 appeared on the June 1990 ballot as Proposition 111 and was approved by the voters. The primary effect of Proposition 111 was to increase the state's appropriations limit by \$1.2 billion in 1990-91, \$1.3 billion in 1991-92, and by increasing amounts annually thereafter. It would also allow local governments to increase their appropriations limits by unknown but probably significant amounts.

Even though Proposition 111 made significant changes to Proposition 98, it was primarily intended to modify the state's appropriations limit so that increased gasoline tax revenues for transportation adopted by SB 300 (Chapter 105, Statutes of 1989), AB 471 (Chapter 106, Statutes of 1989) and AB 973 (Chapter 108, Statutes of 1989) could be expended.

Specific Purpose Sales Tax

AB 999 (Chapter 277, Statutes of 1989) authorized the board of supervisors of any county with a population of 350,000 or less as of January 1, 1987, to establish an authority for specific purposes and authorized the authority, with a two-thirds vote of its members and a majority vote of the people, to impose a transactions and use tax of one-half percent for any purpose for which the authority was established.

1990

County Charter Authority

To assist the counties in dealing with significant state General Fund reductions in the 1990-91 budget for mental health and the Medically Indigent Services Program the Legislature approved and the Governor signed SB 2557 (Chapter 466, Statutes of 1990).

This legislation provided the counties with the authority to (a) assess other jurisdictions of local government for the costs associated with the administration of the property tax, (b) to charge other jurisdictions a "booking fee" based upon the costs associated with processing a person into the county jail, and (c) to impose a business license fee and/or utility user's tax in the unincorporated areas of the county. (Schools were later exempted from the property tax administration fee by SB 168, Chapter 75, Statutes of 1991).

At the time, SB 2557/90 was estimated to allow counties to raise approximately \$300 million.

Sales Tax

AB 3670 (Chapter 1707, Statutes of 1990) removed the previous population limit of 350,000, and authorized all counties to impose a one-quarter or one-half cent sales tax increase with a two-thirds vote of the board of supervisors and a majority vote of the electorate.

1991

1991-92 Budget

When Governor Wilson introduced his 1991-92 budget, he proposed eliminating \$942 in General Fund appropriations for the County Health Services Fund, local public health services, and

local mental health programs; and providing the counties with \$943 million of increased revenues to assume the responsibility for these programs. The proposed revenues were an estimated \$173 million from an increase in the alcoholic beverage tax, and \$777 million from adjusting and increasing the depreciation rates for Motor Vehicle License Fees.

This proposed \$942 million reduction was just one of a number of actions recommended by the Governor to close an estimated \$7 billion deficit. As the months went by, it became increasingly clear that the size of the deficit was going to be much larger. In April, a legislative working group made a proposal to increase the size of the proposal to \$2.3 billion, which came to be known as "realignment". This proposal consisted of eliminating the state General Fund support for the following programs and transferring them, with a revenue source, to the counties:

<u>Program</u>	<u>G.F. Savings</u>
Local Mental Health Services	\$ 437 million
Institutes for Mental Disease (IMD's)	92
State Hospitals for the Mentally Ill	226
County Health Services Fund	506
Medically Indigent Services Program (MISP)	232
MISP - State Legalization Assistance Grants (SLIAG)	218
County Medical Services Program (CMSP)	65
Increase in the county share of cost for California Children's Services (CCS)	30
Eliminate county share of cost for AFDC-FG, AFDC-U, and administration	-515
Increase in the county share of cost for AFDC-FC, and Child Welfare Services	175
Transfer IHSS and County Social Services Block Grant to the counties	<u>828</u>
 Total	 \$2,295

On April 25, the Governor introduced his revised budget which re-estimated the deficit at \$12.6 billion. He included in his revised budget the entire "realignment" proposal submitted earlier by the legislative working group, and added to it the elimination of the County Revenue Stabilization Program, and the County Juvenile Justice Subvention (a total of \$50 million) for a grand total of \$2,345 million.

The revised budget also redirected the proposed increase in the alcohol beverage tax from the counties to the General Fund, and instead proposed a one-half cent sales tax increase dedicated to the counties. This proposal, combined with the originally proposed changes in the VLF, resulted in a revenue package estimated to be worth \$2,412 million.

The only major objection to the proposal came from the counties which did not want full financial responsibility for the IHSS program, particularly since it was going to remain an entitlement program. The counties made a counter-offer that they would accept an increased share of cost in AFDC-FC in return for continued state financial participation in the IHSS program. This counter-offer, with modifications, was finally adopted.

AB 1288 (Chapter 89, Statutes of 1991), transferred the health and mental health programs to the counties; AB 758 (Chapter 87, Statutes of 1991) increased and adjusted the VLF rates; and AB 2181 (Chapter 85, Statutes of 1991) increased the sales tax by one-half cent for allocation to the counties.

In addition AB 948 (Chapter 91, Statutes of 1991) adjusted the state county cost sharing relationship for the following programs:

<u>Program</u>	<u>County Share of Cost</u>
AFDC-Grants	5 percent of the nonfederal costs.
AFDC-Foster Care	60 percent of the nonfederal costs.
AFDC/Food Stamps Administration	30 percent of the nonfederal costs.
IHSS	35 percent of the nonfederal costs.
Child Welfare Services	30 percent of the nonfederal costs.
County Social Services Block Grant	30 percent of the nonfederal costs.
Adoptions	25 percent of the nonfederal costs.

GAIN	30 percent of the nonfederal costs.
California Children's	50 percent

Trial Court Funding

AB 1297 (Chapter 90, Statutes of 1991) enacted the Trial Court Realignment and Efficiency Act of 1991. Specifically, AB 1297/91:

- Provided 50 percent of trial court costs during 1991-92 (up from 37 percent in 1990-91) and stated legislative intent to increase the state's share of cost five percent per year until it reaches 70 percent in 1995-96.

- Enacted \$287 million in new court related revenues for the state, and transferred \$285 million in fines and forfeitures revenues from cities and counties to the state.

- Increased county revenues by \$15 million from increases in local penalty assessments in 1991-92. This amount will increase over time.

- Enacted a number of efficiencies and delay reduction programs in the courts.

A companion measure, SB 21 (Chapter 331, Statutes of 1991) appropriated \$205.4 million from the General Fund to augment the state block grants for Trial Court Funding contained in the Budget Act of 1991. SB21/91 also raised an estimated \$105 million in new General Fund revenues by imposing new court related fees, and redirecting existing fees and taxes.

The tax redirected to the General Fund was the cigarette tax. This redirection reduced counties' revenues by \$8 million and cities' revenues by \$22 million.

Public Education Finance

SB 482 (Chapter 369, Statutes of 1991) authorized the San Mateo County board of supervisors to establish an authority for the support of public elementary and secondary education in that county; and authorized the authority, by a two-thirds vote of its board and majority vote of the electorate, to impose a one-half percent transactions and use tax for the support of public education in San Mateo County.

SB 482/91 also authorized the San Francisco Unified School District and the San Francisco Community College District to establish an educational authority; and authorized the authority, by a two-thirds vote of the governing board and a majority vote of the electorate, to impose a one-quarter percent transactions and use tax for public education.

Heffernan Memorial Hospital District

AB 1498 (Chapter 973, Statutes of 1991) authorized the City of Calexico to impose a transactions and use tax of one-half percent if the resolution proposing the tax is approved by a majority of the city council and two-thirds of the electorate. The bill also required that all net proceeds of the tax be used exclusively for the the Heffernan Memorial Hospital District.

Local Public Finance Authority

AB 1930 (Chapter 1024, Statutes of 1991) authorized a county board of supervisors or a majority of the governing boards of school districts in a county to establish a local public finance authority for the purpose of financing drug abuse prevention, crime prevention, health care services, and public education in the county. The bill also authorized the authority, by a two-thirds vote of its governing board and a majority vote of the electorate, to impose a one-quarter or one-half percent transactions and use tax for the authority's purposes.

1992

When the 1992-93 budget was introduced, the state was once again facing a multi-billion dollar deficit. While searching for alternatives to balance the budget, a consensus developed among the legislative leadership and the Wilson administration that the state could no longer afford the so-called AB 8/79 "bailout" of local governments.

The 1992-93 value of the "bailout" was estimated at \$2.7 billion. Of this amount it was determined that \$1.3 billion was needed to balance the state's budget. Consequently \$1.3 billion in property tax revenues were transferred from local governments to the schools, relieving the state's General Fund of that amount.

Specifically, the 1992-93 budget, and related legislation, accomplished the following:

- Reduced funding for cities, counties, special districts, and redevelopment agencies.

Counties	\$ 525 million
Cities	200
Special Districts	375
Redevelopment Agencies	<u>200</u>
Total	\$1,300

- Increased the state's share of Trial Court Funding to 55 percent; transferred \$205.7 million in court related revenues to the state; and enacted various changes in court procedures to reduce the cost of court operations. Estimated net savings to the state General Fund of \$135 million.

- Suspended various state-mandated local programs for an estimated state General Fund savings of \$10.7 million.

SB 617 (Chapter 699, Statutes of 1992) and SB 844 (Chapter 800, Statutes of 1992), a "clean up" measure to SB 617, implemented the local government changes necessary to implement the 1992-93 budget.

Specifically SB 617/92 (a) made the property tax transfer from local governments to the schools; (b) shifted an additional \$100 million in property tax revenues from cities and counties to the schools which was replaced by an increased allocation of VLF revenues from the Department of Motor Vehicles, (c) redirected trailer coach VLF and manufactured home license fees from counties to the General Fund (estimated at \$27 million), and (d) redirected the remaining amount of the cigarette tax which would have been allocated to the cities, to the General Fund (estimated at \$25 million).

AB 1344 (Chapter 696, Statutes of 1992) and AB 2409 (Chapter 1199, Statutes of 1992) implemented the trial court funding changes necessary to implement the 1992-93 budget.

1993

As in 1992-93, in order to balance the state's 1993-94 budget, it became necessary to transfer property tax revenues from local governments to the schools. This year, however, the required transfer was twice the amount in 1992. The following is a summary of the actions taken in adopting the 1993-94 budget, and related legislation, affecting local governments:

- Transferred \$2.6 billion in property tax revenues from local governments to the schools. SB 1135 (Chapter 68, Statutes of 1993).

Counties	\$ 1,998 million
Cities	288
Non-enterprise special districts	244
Redevelopment agencies	<u>65</u>
Total	\$ 2,595

- Provided to cities and counties the revenues (estimated at \$744 million) from the extension of the one-half cent state sales tax from June 30, 1993, to December 31, 1993 for public safety purposes, to be distributed in proportion to the cities and counties property tax revenue losses. SB 509 (Chapter 73, Statutes of 1993).

- Approved a constitutional amendment to be placed on the November 1993, ballot which, if approved by the voters, would make the sales tax extension provided by SB 509/93, permanent. SCA 1 (Resolution Chapter 41 of 1993)

- Required that \$90 million in VLF funds be allocated on a one-time basis to cities, and \$40 million to counties in proportion to their property tax losses. Also required that an anticipated \$50 million in VLF revenue from enhanced collection activities be allocated equally to cities and counties. SB 1135/93.

- Provided \$44 million less than was provided in 1992-93 for support of the trial courts. As a result the state will be paying about 45 percent of the statewide trial court costs, substantially below the the state's intended level of 60 percent. SB 80 (Chapter 55, Statutes of 1993)

- Increased the so-called Williamson Act subvention by \$20 million to reimburse counties for the property tax revenues lost due to farmers who place their lands in agricultural preserves. SB 683 (Chapter 65, Statutes of 1993)

- Suspended or repealed a number of state-mandates upon local governments which are estimated to save several millions of dollars.

SB 86 (Chapter 70, Statutes of 1993)
SB 441 (Chapter 59, Statutes of 1993)
SB 451 (Chapter 60, Statutes of 1993)
SB 617 (Chapter 64, Statutes of 1993)
SB 1135 (Chapter 71, Statutes of 1993)